

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15  
NSCE-00 SSO-00 ICAE-00 INRE-00 /110 W  
-----005193 091252Z /64

O 091220Z JUN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 0635

AMEMBASSY LONDON IMMEDIATE

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 08773

USMTN

PASS STR ELECTRONICALLY FOR FEKETEKUTY  
ACTION AMEMBASSY LONDON

FOR AMBASSADOR BREWSTER FROM AMBASSADORS MCDONALD & WOLFF

E.O.11652:N/A

TAGS: ETRD, MTN, UK

SUBJECT: MTN ISSUES AND UK POSITION

REF: LONDON 09008

1. ON REFLECTION AND IN LIGHT INTERNAL MTN DEL REVIEW  
WITH AMBASSADOR WOLFF OF STATUS OF MTN NEGOTIATIONS ON  
FRAMEWORK ISSUES, WE BELIEVE FOCUS OF HIGH-LEVEL U.S. INTER-  
VENTION WITH UK ON MTN SHOULD NOT BE ON "BEST EFFORTS" B/P  
COMMITMENT. WE HAVE MUCH HIGHER MTN PRIORITIES VIS-A-VIS  
EC WHICH WILL REQUIRE UK SUPPORT OVER THE COMING WEEKS AND  
SENIOR UK OFFICIALS MIGHT MISINTERPRET A U.S. APPROACH  
LIMITED TO THIS TOPIC AS IMPLYING WE ATTACH MORE IMPORTANCE  
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TO IT THAN WE DO. IT MIGHT ALSO TEMPT UK TO TRY A BILAT-  
ERAL TRADE-OFF WITH U.S. ON ANOTHER MTN ISSUE OF FAR  
GREATER SUBSTANTIVE IMPORTANCE SUCH AS SELECTIVE SAFEGUARDS  
WHERE UK IS PRIME MOVER WITHIN EC FOR A MORE FLEXIBLE U.S.  
POSITION.

2. AMBASSADORS MCDONALD AND WOLFF ACCORDINGLY RECOMMEND

THAT AMBASSADOR BREWSTER USE OCCASION OF HIS APPOINTMENT WITH DELL MORNING OF JUNE 12 TO FLAG U.S. INTEREST IN A NUMBER OF KEY AREAS OF MTN WHERE WE NEED COOPERATIVE UK POSITION WITHIN EC DECISION-MAKING PROCESS OVER COMING WEEKS AS WE MOVE TOWARD JULY 15 DATE FOR AGREEMENT ON ALL ISSUES REQUIRING POLITICAL-LEVEL SETTLEMENT. THESE INCLUDE:

(A) THE NEED TO BREAK LOOSE SIGNIFICANT SPECIFIC AGRICULTURAL PRODUCT CONCESSIONS (APART FROM MULTILATERAL AGREEMENTS ON GRAINS, DAIRY AND MEAT), WITHOUT WHICH THERE CAN BE NO DEAL. (THESE INCLUDE CITRUS, TOBACCO, RICE, POULTRY, ETC.)

(B) THE NEED FOR EC RESTRAINT--BOTH IN TERMS OF TIMING AND SUBSTANCE--IN TRIGGERING WITHDRAWALS OF EC INDUSTRIAL TARIFF OFFERS.

(C) THE NEED TO FLESH OUT QUICKLY THE DRAFT UNDERSTANDING ON SUBSIDIES/COUNTERVAILING DUTIES BEING DEVELOPED BETWEEN THE U.S. AND EC, AND MAKE SURE THAT SOME GENERAL SUBSIDY DISCIPLINES APPLY TO AGRICULTURE.

(D) THE NEED FOR A MORE FORTHCOMING EC POSITION ON THE COVERAGE OF PURCHASING ENTITIES UNDER THE DRAFT CODE ON GOVERNMENT PROCUREMENT.

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(E) UK ASSISTANCE WITHIN EC IN FAVOR OF NEGOTIATING WITH U.S. ON EC RULES OF ORIGIN, OUR MAIN NTM COMPLAINT AGAINST EC.

(F) SAFEGUARDS--UK/EC RECOGNITION THAT SELECTIVITY MUST BE SUBJECT TO CAREFUL CONTROLS TO INDUCE REST OF WORLD (NOT JUST U.S.) TO GO ALONG.

(G) FRAMEWORK ISSUES--IMPORTANCE OF RETAINING THE PACKAGE APPROACH U.S. AND EC HAVE BEEN TRYING TO ACHIEVE FOR SEVERAL YEARS. IF KEY DC'S AND LDC'S START PICKING AND CHOOSING TOPICS EACH GENUINELY WANTS (AS OPPOSED TO THINGS THEY CAN LIVE WITH), WE WILL EITHER END UP WITH NOTHING IN THIS AREA OR WORSE, NAMELY LDC POLITICAL PRESSURE FOR ACCEPTANCE OF "THEIR" FAVORITE SUB-ITEM--SOME KIND OF SWEEPING ENABLING CLAUSE. IN THIS CONTEXT, PROPOSED "BEST EFFORTS" PLEDGE TO AVOID TRADE MEASURES FOR B/P REASONS WOULD BE DESIRABLE, PARTICULARLY BECAUSE TO DROP IT RUNS RISK OF LDC'S INSISTING ON DROPPING A SUB-ITEM THEY DON'T LIKE (CLARIFICATION OF GATT RULES ON ACCESS TO SUPPLIES).

3. FYI: INF/19 IS 5-PAGE "DRAFT UNDERSTANDING REGARDING SAFEGUARD ACTIONS FOR BALANCE-OF-PAYMENTS PURPOSES" LAYING DOWN PROCEDURAL AND SUBSTANTIVE GUIDELINES WHICH INTERPRET (BUT DO NOT ADD LEGAL OBLIGATIONS TO) EXISTING GATT PROVISIONS AND SOME EARLIER GATT PROCEDURAL DECISIONS ON USE OF TRADE MEASURES FOR B/P PURPOSES. IT CONSISTS OF 5 SECTIONS: (A) "USE OF TRADE MEASURES FOR B/P PURPOSES: GENERAL"; (B) "USE OF TRADE MEASURES FOR B/P PURPOSES BY DEVELOPING COUNTRIES"; (C) "GATT REVIEW OF TRADE MEASURES FOR B/P PURPOSES"; (D) "SIMPLIFIED PROCEDURES FOR GATT REVIEW OF B/P TRADE MEASURES"; (E) "RESULTS OF REVIEW AND FOLLOW-UP". SECTIONS (B) AND (D) DEALING WITH LDC'S ARE ALMOST IDENTICAL TO TEXTS FLOATED LAST WINTER BY EC COMMISSION.  
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FM USMISSION GENEVA  
TO SECSTATE WASHDC IMMEDIATE 0636  
AMEMBASSY LONDON IMMEDIATE

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 08773

USMTN  
PASS STR ELECTRONICALLY FOR FEKETEKUTY  
ACTION AMEMBASSY LONDON

PROBLEM PARA WHERE WE ARE TOLD UK IS MAIN RECALCITRANT IS  
FIRST PARA OF SECTION A: "THE CONTRACTING PARTIES

RECOGNIZE THAT, AS A GENERAL MATTER, TRADE MEASURES ARE NOT A PREFERRED MEANS OF ADDRESSING BALANCE-OF-PAYMENTS PROBLEMS. ACCORDINGLY, DEVELOPED CONTRACTING PARTIES UNDERTAKE TO THE MAXIMUM EXTENT POSSIBLE TO AVOID THE IMPOSITION OF TRADE MEASURES FOR BALANCE-OF-PAYMENTS PURPOSES." NO SANCTIONS ARE CALLED FOR, HOWEVER, IF DC'S FEEL THEY HAVE NO OTHER REASONABLE ALTERNATIVES. THIS POSITION IS CONSIDERED A LOW-KEY, MINIMUM DC COMMITMENT TO BEGIN BRINGING SOME DISCIPLINE INTO LDCS' ACTIONS ON B/P, THE PRIME FOCUS OF THE DRAFT. MCDONALD

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BALANCE OF PAYMENTS, TRADE AGREEMENTS, MEETING REPORTS  
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**Copy:** SINGLE  
**Draft Date:** 09 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
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**Original Handling Restrictions:** n/a  
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**TAGS:** ETRD, UK, MTN  
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**Review Markings:**  
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